

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

March 29, 1994

HAND DELIVERED

30 1994

Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
310 Old Santa Fe Trail, 2nd Floor
Santa Fe, New Mexico 87501

10965

Re: Jernigan Well No. 3
E/2 Sec 24, T27N, R9W
Application of Southland Royalty Company
for a High Angle/Horizontal/Direction
Drilling Pilot Project,
San Juan County, New Mexico

Dear Mr. LeMay:

On behalf of Southland Royalty Company, please find enclosed our Application for a High Angle/Horizontal/ Direction Drilling Pilot Project as referenced above, which we request be set for hearing on the next available Examiner's docket now scheduled for April 28, 1994.

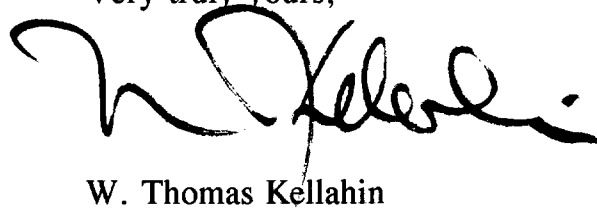
By copy of this letter and application, sent certified mail, we are notifying all interested parties within a 1/2 mile radius of the subject well of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application and that failure to appear at the hearing may preclude them from any involvement in this case at a later date.

Oil Conservation Division
March 29, 1994
Page Two

Pursuant to the Division's Memorandum 2-90, all parties are hereby informed that if they appear in this case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, April 22, 1994, with a copy delivered to the undersigned.

Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

W. Thomas Kellahin

WTK/mg
Enclosure

cc: Mr. John Zent
Meridian Oil Inc.
Post Office Box 4289
Farmington, New Mexico 87499-4289

By Certified Mail - Return Receipt
All Parties Listed on Exhibit "C" of Application

MAR 30 1991

PROPOSED ADVERTISEMENT

CASE 10965 Application of Southland Royalty Company for a high angle/horizontal/directional drilling pilot project and special operating rules therefor, San Juan County, New Mexico. Applicant seeks to initiate a horizontal drilling project in the Dakota formation, Basin Dakota Gas Pool, underlying the E/2 of Section 24, T27N, R9W. Applicant proposes to recomplete its Jernigan Well No. 3, located 1990 feet FNL and 1100 feet FEL (Unit H) of Section 24, by plugging back to approximately 6200 feet and then kicking-off from vertical in a south southwesterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 790 feet to any boundary of a standard spacing and proration unit consisting of the E/2 of said Section 24. Said project is located approximately 13 miles north-northeast from Huerfano Trading Post, New Mexico.



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

May 20, 1994

KELLAHIN AND KELLAHIN
Attorneys at Law
P. O. Drawer 2265
Santa Fe, New Mexico 87504

RE: CASE NO. 10965
ORDER NO. R-10119

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,


Sally E. Martinez
Administrative Secretary

cc: BLM - Farmington
OCD - Aztec

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO

January 24, 1966

Aztec Oil & Gas Company
2000 First National Bank Building
Dallas, Texas 75202

Attention: Mr. Prentice Watts

Administrative Order NSL-368

Gentlemen:

Reference is made to your application for approval of an unorthodox well location for your Jernigan Well No. 3 to be located 1990 feet from the North line and 1100 feet from the East line of Section 24, Township 27 North, Range 9 West, NMPM, Blanco-Mesaverde Gas Pool, San Juan County, New Mexico.

By authority granted me under the provisions of Order No. R-1670, as amended, the above-described unorthodox well location is hereby approved.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/JMD/esr

cc: Oil Conservation Commission - Aztec
Oil & Gas Engineering Committee - Hobbs
United States Geological Survey - Farmington

10965

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EL PATIO BUILDING

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W. THOMAS KELLAHIN*

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NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

April 25, 1994

HAND DELIVERED

APR 25 1994


Michael E. Stogner
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

Re: NMOCD Case 10965
Application of Southland Royalty Company
for a high angle/horizontal directional
drilling pilot project and special rules,
San Juan County, New Mexico

Dear Mr. Stogner:

On behalf of Southland Royalty Company, we would appreciate the referenced case being continued from the April 28, 1994 docket to the May 12, 1994 docket.

Very truly yours,

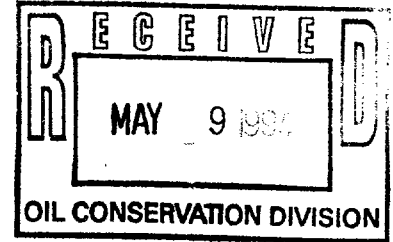


W. Thomas Kellahin

cc: Alan Alexander
Meridian Oil Inc.

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:



CASE NO. 10965

APPLICATION OF SOUTHLAND ROYALTY COMPANY
FOR A HIGH ANGLE/HORIZONTAL/
DIRECTIONAL DRILLING PILOT PROJECT
AND SPECIAL OPERATING RULES,
SAN JUAN COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by SOUTHLAND ROYALTY COMPANY as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

SOUTHLAND ROYALTY COMPANY
P. O. Box 4289
Farmington, N.M. 87499
Attn: John Zent
(505) 326-9758

ATTORNEY

W. Thomas Kellahin
KELLAHIN AND KELLAHIN
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

STATEMENT OF CASE

APPLICANT:

Southland Royalty Company seeks approval for a high angle/ horizontal directional drilling pilot projects for its Jernigan Well No. 3, San Juan County, New Mexico. The proposed project includes E/2 of Section 2, T27N, R9W, San Juan County, New Mexico.

Southland proposes to recomplate the Jernigan Well No. 3 into the Basin Dakota Gas Pool and to dedicate the E/2 of said Section 24 to the well.

Applicant proposes to recomplate the well which is located at a standard surface location in Unit H and to drill in a southwesterly direction so that the producing lateral will extend across this one-half section but with the final end point of the producing lateral to be not closer than 790 feet to the outer boundary of the project area.

The high angle/horizontal well is an attempt to reduce flow velocity and to decrease the probability of producing the water bearing zones in the Basal Dakota interval of the Pool.

PROPOSED EVIDENCE

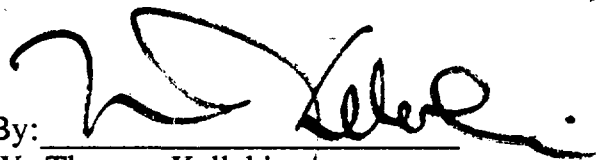
APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Chip Head (geologist)	15 min.	2
John Zent (landman)	5 min.	2
Dan Zoecks (drilling engineer)	10 min.	2

PROCEDURAL MATTERS

None at this time.

KELLAHIN AND KELLAHIN

By: 

W. Thomas Kellahin /
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285